

Message Text

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PAGE 01 NEW DE 06105 071028Z

21

ACTION NEA-09

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R 070928Z 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8544

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 6105

E. O. 11652: N/A

TAGS: BEXP, IN

SUBJ: FILM IMPORT AGREEMENT

REF: A) NEW DELHI 5575

B) NEW DELHI 15536 11/19/74

C) NEW DELHI 7003 5/28/74

1. THE FINAL VERSION F THE MPEAA FILM IMPORT

AGREEMENT (COPIES POUCED TO STATE NEA/INS WHICH WAS

SIGNED BY THE GOI SECRETARY OF INFORMATION ON APRIL 25

DIFFERS ONLY SLIGHTLY FROM THE TEXTS DESCRIBED IN REFS

B AND C.

2. THE FOLLOWING CHANGES WERE MADE:

(D) AFTER CONSIDERABLE DISCUSSION, THE
SERVICE CHARGE PAYABLE TO THE GOI IMPORTING AGENCY WAS
SET AT 15 PERCENT OF CIF VALUE OF EACH PRINT OF EACH
TITLE. THE GOI HAD HELD OUT FOR FIVE PERCENT OF
GROSS RECEIPTS, WHICH WOULD HAVE YIELDED CONSIDERABLY
MORE REVENUE.

(E) A CEILING OF 150,000 RUPPEES PER YEAR
WAS PLACED ON "LIVING EXPENSES IN INDIA FOR EMPLOYEES OF
MPEAA AND ITS MEMBER COMPANIES."

(F) IN THE SECTION WHICH PROVIDES FOR
INTEREST-FREE LOANS (FROM A PORTION OF THE CURRENT FILM
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EARNINGS) TO QUASI-GOVERNMENT OR GOVERNMENT-SPONSORED ORGANIZATIONS, THE WORDS "AND ALSO TO THE PRIVATE SECTOR FOR GOVERNMENT-ENDORSED PROJECTS" HAVE BEEN DELETED. THE US FILM COMPANIES HAD PRESSED FOR EXTENSION OF LOANS TO PRIVATE SECTOR PROJECTS IN ORDER TO ENSURE RAPID REPATRIATION OF RUPEE EARNINGS IN THIS CATEGORY.

3. THE AMOUNT OF AGREED REMITTANCES, 2.5 MILLION RUPEES FROM CURRENT EARNINGS AND 2.5 MILLION FROM BLOCKED EARNINGS FROM EARLIER AGREEMENTS, IS UNCHANGED FROM THE PREVIOUS DRAFT. NO QUALIFYING LANGUAGE MAKING THE AMOUNT OF REMITTANCE CONTINGENT ON INDIA'S FOREIGN EXCHANGE POSITION HAS BEEN INCLUDED.

4. COMMENT: ALTHOUGH THE AGREEMENT WAS DESIGNED TO AVOID FURTHER ACCUMULATION OF BLOCKED RUPEE EARNINGS, IT IS QUITE POSSIBLE THAT THE ACCUMULATION RATE WILL BE AT LEAST AS HIGH AS IN PREVIOUS AGREEMENTS. MPEAA ESTIMATES GROSS EARNINGS FROM 150 FILMS AT 25 MILLION RUPEES OF WHICH ONLY TEN PERCENT, OR 2.5 MILLION, COULD BE REMITTED. THE REMAINING FIVE PERCENT OF EARNINGS WOULD BE BLOCKED ALONG WITH THOSE RUPEES NOT UTILIZED FOR LOANS TO GOI ORGANIZATIONS.

5. THE GOI DOES NOT PLAN TO MAKE THE DETAILS OF THIS AGREEMENT PUBLIC, AND WE GATHER FROM THE LOCAL MPEAA REPRESENTATIVE THAT HIS ORGANIZATION WILL NOT PUBLISH THE TEXT.

SCHNEIDER

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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